

49. (Unchanged) The method according to claim 48, further comprising the step of netting the buy orders against the sell orders before sending the aggregated trades to the third party trading system.

Q10 50. (New Claim) A method for enabling a user to create and trade a plurality of tradable assets/liabilities as a single, customizable investment portfolio comprising:  
receiving trading data from the user including user identification and preference information;  
creating a user customizable portfolio of tradable assets/liabilities for the user from the trading data;  
receiving from the user an order to trade the user customizable portfolio as a whole;  
and  
executing a plurality of trades to implement the order to trade the user customizable portfolio.

#### REMARKS

Reconsideration of this application is respectfully requested in light of the foregoing amendments and the following remarks. Claims 1-50 remain pending in this application. Claims 1, 30, 36, 44, 47, and 50 are the independent claims.

#### **I. Interview**

The Applicant wishes to express his thanks to Examiner Calve and Supervisory Examiner Millin for meeting with the Applicant's representatives to discuss the present Application and its successor application. Understanding the severe time constraints and significant work burdens placed on them, the Applicant is extremely grateful for the generous time provided to his representatives.

## II. Objection To The Drawings

The Office Action objected to the drawings under 37 C.F.R. § 1.83(a) as failing to show every feature of the invention specified in the claims. Specifically, the Examiner requires a drawing showing the arrow on a dial as recited in claim 33. Upon allowance of claim 33, the Applicant will submit a revised drawing including the specified feature required by the Office Action to remove this objection.

## III. Harris Does Not Anticipate

Claims 1, 4-8, 44, 45, and 47 stand rejected under 35 U.S.C. § 102(b) as being anticipated by Harris (U.S. Patent No. 5,918,218). Because Harris fails to disclose or suggest the present invention, as recited in the claims at issue, the Applicant respectfully traverses.

Each of independent claims 1, 44, and 47 recite a “portfolio of directly owned assets/liabilities”. Nothing in Harris discloses or suggests a system, apparatus, or method for enabling investors to create, manage, and trade *portfolios* of assets/liabilities that are directly owned by the investors. Rather, Harris discloses only a system for automating the record keeping process in 401(k) plans (see column 2, lines 50-55) which are defined by Harris as organizations that invest in mutual funds on behalf of participants (see col. 4, lines 31-36).

Also, Harris does not disclose a system that allows investors to create and trade *portfolios* of any type, including mutual funds. Rather, Harris merely discloses a system for accounting for individual investments by plan participants in individual mutual funds in the traditional manner. Thus, as recited in the independent claims, Harris does not disclose orders to trade portfolios created by users.

Claim 1 recites “*aggregating all buy orders and all sell orders for each directly owned asset/liability of the portfolio of directly owned assets/liabilities included in the trading data from each of the plurality of users* to obtain a single buy order and a single sell order for each directly owned asset/liability of the portfolio of directly owned assets/liabilities represented in the trading data received from each of the plurality of users.” Claim 45 further recites “*aggregating all users’ trades and sending the aggregated trades as a single trade in each directly owned asset/liability to a third party trading system.*” In contrast, Harris aggregates

orders only within a single plan and trade type (buy, sell, and redeem) (column 6, line 30-32), which are then sent to the issuer of the fund – not to the market for execution. Harris also teaches that trades consist “of an aggregation of all individual trades requested at a particular record keeper for a particular 401(k) plan” (column 6, lines 51-54), rather than aggregated across all users of the system.

Claims 44 and 47 recite “accessing an electronic payment system upon receiving instructions from a user to purchase a portfolio of directly owned asset/liabilities to obtain payment for the required purchases.” In contrast, Harris does not disclose an electronic payment system for obtaining payments for the required purchases because payments are received through periodic payroll deductions - not by payments made under individual user control. The Figure element cited by the Office Action (#1758 on diagram 17c) does not refer to electronic payment systems but rather refers to moving mutual fund prices from one place to another within the Harris system. There is no other place in Harris where an electronic payment system is disclosed.

The above differences illustrate why one could not begin with Harris and end up with the current invention. Harris is a trade processing system for receiving participant mutual fund transaction requests (see Abstract). The current invention is a system for users to create, manage and trade a portfolio of directly owned assets/liabilities in the market.

Further, independent claims 1, 44, and 47 recite “trades” or “trading” of directly owned assets/liabilities. In contrast, Harris does not disclose a system that allows investors to make even individual trades of any directly owned assets/liabilities. The mutual funds in Harris must be purchased directly from the issuer, i.e., the mutual fund itself. Once purchased, these shares can only be *redeemed* by the mutual fund - “at approximately 8 PM each evening” (Column 7, lines 45-50). These mutual funds cannot be “*traded*” in a market of buyers and sellers. There is nothing in Harris that would suggest or imply that Harris could be extended to “trading” directly owned assets/liabilities. In fact, Harris only discloses mutual fund transactions, which are not “trades” (see specification, page 1, line 14 through page 2, line 3).

Thus, because Harris fails to anticipate or render obvious the invention recited in independent claims 1, 44, or 47, these independent claims and the claims that depend therefrom are patentable over Harris.

#### **IV. Ray Does Not Anticipate**

Claims 30, 32, 44, and 47 stand rejected under 35 U.S.C. § 102(e) as being anticipated by Ray (U.S. Patent No. 6,018,722). Because Ray fails to disclose or suggest the present invention, as recited in the claims at issue, the Applicant respectfully traverses.

Ray does not disclose a computer-based system that enables investors to create, manage, and trade *portfolios* of directly owned assets/liabilities as portfolios. Rather, Ray allegedly discloses a system that automatically prescribes, monitors, and updates a list of securities that, after each security is purchased individually by each user, together comprise a portfolio. This is no different than traditional investing, in which after two trades one has a “portfolio.” The difference is that embodiments of the present invention allow investors to transact in and through entire portfolios, whereas Ray merely recommends a list of assets for subsequent – but individual – purchase by investors. Whereas Ray provides investment advice on existing financial products – stocks, mutual funds, etc. – embodiments of the present invention create a new financial product – a portfolio of directly owned assets/liabilities that can be created, traded, and managed as a single unit.

Also, Ray does not disclose or suggest a system for customizing a portfolio of directly owned assets/liabilities. The asset allocation method disclosed in Ray presents the user with a recommended list of securities. The system of Ray does not “display a plurality of directly owned assets/liabilities among which the user can select” as recited in Claim 30. Nor does Ray disclose or suggest any means by which the user can customize the recommended portfolio as implied via Claim 30’s recitation of a “portfolio editor”. Although the Office Action references Ray’s Figure 7 as disclosing a “portfolio editor,” Ray’s Figure 7 discloses only an automated process by which Ray monitors and updates the recommended portfolio from time to time as economic, market, company, and stock price conditions change.

The closest that Ray comes to hinting at a system for creating, managing and trading customizable portfolios is found at column 6, lines 6-12, which discloses at most only a means for advisors to change the weights that the system assigns to various asset classes in response to various economic conditions. Even this, however, does not teach or suggest customization of an individual investor's particular portfolio. Rather, it allegedly discloses only the ability to "increase or decrease percentage holdings of equity, fixed income or short term fixed income assets *throughout all portfolios managed by the system.*" Col. 6, lines 8-10 (emphasis added). Ray simply does not disclose or suggest a system for allowing the user to customize the recommended portfolio by excluding, including, or changing the weights of various directly owned assets/liabilities in the user's portfolio. Because Ray does not disclose or suggest a system for allowing users to create, manage, and trade customizable portfolios of directly owned assets/liabilities, it does not anticipate claims 30, 32, 44, or 47.

Also, although Ray allegedly discloses an automated process for making "periodic updates" to the recommended portfolio, Ray does not disclose or suggest a system for making periodic investments in the recommended portfolio, let alone a system for making periodic investments in a customizable portfolio. Thus, Ray does not anticipate claims 44 and 47, for this additional reason.

In summary, Ray fails to anticipate or render obvious the invention recited in independent claims 30, 44, and 47. Therefore, these independent claims and the claims that depend therefrom are patentable over Ray.

#### **V. The Cited Combinations of Harris, Ray, Jones, Maggioncalda, Debe, and/or Champion**

Certain claims of the present application were rejected under 35 U.S.C. § 103(a) as being unpatentable over various combinations of Harris, Ray, Jones (U.S. Patent No. 6,021,397), Maggioncalda (U.S. Patent No. 5,918,217), Debe (U.S. Patent No. 5,758,097), and/or Champion (U.S. Patent No. 5,126,936). Applicant respectfully traverses.

Jones discloses an automated investment advisor that recommends investment allocations in one's investment portfolio. Maggioncalda discloses similar systems. Debe is

cited for the teaching of tracking voting rights. Champion is cited for the teaching of a direct dial-up connection.

No proper combination of the cited references, however, establishes a *prima facie* case of obviousness in the current application. To establish a *prima facie* case of obviousness, three basic criteria must be met. First, there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or to combine reference teachings. Second, there must be a reasonable expectation of success. Finally, the prior art reference (or references when combined) must teach or suggest all the claim limitations. The teaching or suggestion to make the claimed combination and the reasonable expectation of success must both be found in the prior art, and not based on applicant's disclosure. See MPEP ¶ 2142; *In re Vaeck*, 947 F.2d 488, 20 USPQ 2d 1438 (Fed. Cir. 1991).

For example, *inter alia*, as discussed above, Harris does not disclose how to create, manage, and "trade portfolios of directly owned assets/liabilities". Moreover, there is no mention in Jones or Maggioncalda regarding how to "trade" a "portfolio of directly owned assets/liabilities". These references merely concern the front end of enabling an investor to determine which investments to make – not how to trade portfolios. Furthermore, Debe was merely cited as a way of tracking voting rights, and fails to address trading of portfolios. Finally, Champion also does not disclose trading of portfolios. Rather Champion merely creates an individualized derivative instrument for a user, and then takes a position in the market to satisfy these individualized derivative instruments for all its users. No trading of portfolios is made possible by Champion. Thus, even assuming *arguendo* that one could combine these references, each cited combination of them fails to result in a way to "trade" "portfolios" of "directly owned assets/liabilities".

In addition, absent impermissible hindsight, there is no suggestion or motivation to combine the teachings of Harris and/or Ray with those of Jones, Maggioncalda, Debe, and/or Champion. Moreover, even if properly combined, there is no reasonable expectation that the combination will be operative. Finally, neither Jones, Maggioncalda, Debe, nor Champion, individually or in combination, teach or suggest the claimed features that are missing in

Harris and Ray, as discussed above. Thus, it is respectfully submitted that the claims of the present application are allowable over the cited combinations of Harris, Ray, Jones, Maggioncalda, Debe, and/or Champion.

### CONCLUSION


It is respectfully submitted that, in view of the foregoing amendments and remarks, the application as amended is in clear condition for allowance. An early issuance of a Notice of Allowance is earnestly solicited.

Pursuant to 37 C.F.R. § 1.121(c), attached hereto is a marked-up version of the changes made to the claims by the current response to Office Action. The attached page is captioned "**VERSION WITH MARKINGS TO SHOW CHANGES MADE.**"

The Office is hereby authorized to charge any additional fees or credit any overpayments under 37 C.F.R. § 1.16 or § 1.17 to Deposit Account No. 11-0600. The Examiner is invited to contact the undersigned at 202-220-4205 to discuss any matter regarding this application.

Respectfully submitted,  
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**VERSION WITH MARKINGS TO SHOW CHANGES MADE**

**In the Claims:**

The claims have been amended as follows:

1. **(Once amended)** A system for enabling a plurality of users to create, manage and trade a portfolio of directly owned assets/liabilities via a first plurality of communication links, one to each of the plurality of users, over which each of the plurality of users transmits to the system trading data regarding trades of the portfolio [a plurality] of directly owned assets/liabilities that each of the plurality of users desires to make, said system comprising:

a) a processor communicating with the plurality of users via the first plurality of communication links, said processor receiving user identification information and trading data from each of the plurality of users, said trading data including an order to trade the portfolio of directly owned assets/liabilities, said processor aggregating all buy orders and all sell orders for each directly owned asset/liability of the portfolio [plurality] of directly owned assets/liabilities included in the trading data from each of the plurality of users to obtain a single buy order and a single sell order for each directly owned asset/liability of the portfolio [plurality] of directly owned assets/liabilities represented in the trading data received from each of the plurality of users, and said processor transmitting the single buy order and the single sell order to a third party for execution; and

b) a storage being coupled to the processor and storing the trading data from each of the plurality of users.

6. **(Once amended)** The system according to claim 4, wherein the electronic payment mechanism permits trading of the portfolio of directly owned assets/liabilities for a particular user if the particular user's payment account contains a predetermined amount.

8. **(Once amended)** The system according to claim 1, further comprising a second communication link to a third party trading system via which the processor transmits the



single buy order and the single sell order for each directly owned asset/liability in [of] the [plurality] portfolio of directly owned assets/liabilities represented in the trading data from each of the plurality of users.

9. **(Once amended)** The system according to claim 2, further comprising a user program executing on a user's personal computer, said user program prompting the user for user identification information and user preferences, said user program transmitting said user identification and user preferences to the processor, and said user program enabling the user to interact with the processor to select a plurality of directly owned assets/liabilities to create a user portfolio commensurate with the percentage allocation of investment assets.

11. **(Once amended)** The system according to claim 10, wherein said user program further enables the user to adjust the percentage allocation of investment assets [and] in the user portfolio.

12. **(Once amended)** The system according to claim 10, wherein said user program communicates said user identification information along with any trades of directly owned assets/liabilities to be executed to create or modify a user's portfolio to ensure a user's actual portfolio matches a user's desired portfolio to the processor as said trading data via one of the first plurality of communication links.

16. **(Once amended)** The system according to claim 1, wherein the trading data includes a fractional share for at least one of the directly owned assets/liabilities desired to be traded by at least one of the users of the plurality of users.

17. **(Once amended)** The system according to claim 9, wherein the user program maintains a tax basis for all of the directly owned assets/liabilities traded by the user.

18. **(Once amended)** The system according to claim 10, wherein the user program provides information to the user regarding voting rights of the directly owned assets/liabilities held by the user.

19. **(Once amended)** The system according to claim 9, wherein the processor receives actual trading pricing information regarding the single buy order and the single sell order for each directly owned asset/liability in [of] the [plurality] portfolio of directly owned assets/liabilities included in the trading data from the plurality of users from the third party trading system via the second communication link.

20. **(Once amended)** The system according to claim 19, wherein the processor transmits actual trading pricing information regarding each directly owned asset/liability traded by a particular user to the particular user.

21. **(Once amended)** The system according to claim 20, wherein in response to the actual trading pricing information received by a particular user, the user program modifies the display of the risk and differential return of the entire user portfolio in accordance with the actual trading pricing information regarding each directly owned asset/liability traded by the user.

30. **(Once amended)** A personal computer based program for executing on a user's personal computer, for enabling a user, on a cost effective basis, to create, manage and trade a portfolio of assets/liabilities and for interfacing with a system for managing a plurality of such users via a first communication link over which the user transmits to the system trading data regarding trades of at least one asset/liability that the user desires to make, said program comprising:

a) a graphical user interface prompting the user for user identification information, and user preference data;

b) an asset allocation modeling process creating a percentage allocation of assets for the user based on the user preference data, wherein the graphical user interface displays via the computer display a plurality of assets/liabilities among which the user can select to create a user portfolio commensurate with the percentage allocation of assets;

c) a risk and differential return calculation process calculating a risk and a differential return of the entire user portfolio relative to a standard industry measurement, and providing the relative risk and differential return to the graphical user interface, which displays the relative risk and differential return to the user;

d) a portfolio editor process enabling the user to adjust the user portfolio; and

e) a communication process communicating said user identification information along with any trades of a portfolio of assets/liabilities to be executed [to create or modify a user's portfolio to ensure a user's actual portfolio matches a user's desired portfolio to the system] as said trading data via the first communication link.

36. **(Once amended)** A method for creating and managing a portfolio of assets or liabilities by performing a plurality of transactions, comprising the steps of:

a) obtaining a plurality of user preferences for a plurality of portfolio characteristics of a user;

b) employing the plurality of portfolio characteristics to describe and select a portfolio [plurality] of assets or liabilities to be traded by a user [transacted] in a plurality of subsequent transactions [by a user]; and

c) aggregating the plurality of transactions resulting from the portfolio trade of a single user with a plurality of transactions resulting from a plurality of portfolio trades of a plurality of other users over an applicable characteristic of the plurality of assets or liabilities.

44. **(Once amended)** An apparatus for enabling a plurality of users to make periodic investments in a portfolio of directly owned assets/liabilities [securities] comprising:

a) a processor receiving data from each of the plurality of users regarding amounts of money to be invested in each user's portfolio, and accessing an electronic payment system

upon receiving instructions from a user to purchase a portfolio of directly owned assets/liabilities [securities] to obtain payment for the required purchases; and

b) a storage unit storing each user's portfolio.

45. **(Once amended)** The apparatus according to claim 44, further comprising a third party trading system interface device aggregating all users' trades and sending the aggregated trades as a single trade in each directly owned asset/liability [security] to a third party trading system.

47. **(Once amended)** A method for enabling a plurality of users to make periodic investments in a portfolio of directly owned assets/liabilities [securities] comprising the steps of:

a) receiving data from each of the plurality of users regarding amounts of money to be invested in each user's portfolio;

b) accessing an electronic payment system upon receiving instructions from a user to purchase a portfolio of directly owned assets/liabilities [securities] to obtain payment for the required purchases; and

c) storing each user's portfolio in a central database.

50. **(New Claim)** A method for enabling a user to create and trade a plurality of tradable assets/liabilities as a single, customizable investment portfolio comprising:

receiving trading data from the user including user identification and preference information;

creating a user customizable portfolio of tradable assets/liabilities for the user from the trading data;

receiving from the user an order to trade the user customizable portfolio as a whole;  
and

executing a plurality of trades to implement the order to trade the user customizable portfolio.